Secl. II-27—65,000 31 10 50.

Revenue (1950) Department.

Ms SERIES.

G.O. NO. 2375 (Confdl.)

2375

Dated 1st September 1950

[Despatch Abstract.]

The Madras Estates (Abolition and conversion into Kyotwari) Act, 1948 — Notification of further estates — correspondence with the Govt. of India — Papers recorded.

Copy of Government Revenue Department Confidential D.O. No.59166-J/49-9 dated 12th April 1950.

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further notification of estates under.

I am to invite attention to the correspondence --sting with your D.O.No.5/134/48-Judl. dated 11-11-49 and to address the Government of India on the question of notification of a further batch of estates in this State under the Abolition Act.

2. As the Government of India are aware, the Madras Estates (Abolition and Conversion into Ryotwari) Amendment Act, 1950 (Madras Act I of 1950), which was enacted by the Provincial Legislature in January 1950, embodies the undertaking given by the Madras Government to the Government of India, viz., to pay in advance, in cash, as soon as the estates are taken over, 50% of the compensation payable under the 1948 Act in respect of those estates. It provides for the payment of the advance compensation:---

(a) before 30-6-50, in respect of estates taken over before its commencement, and

(b) within six months of the date of taking over, in respect of estates yet to be taken over.

As a result of the discussions which the Revenue Secretary and the Legal Secretary of this Government had with you and other officers of the Government of India at New Delhi on 28-10-49, it was agreed that the Government of India would be prepared to allow the Madras Government to release reserves upto Rs.1½ crores, which it was then estimated by the Madras Government, would be the amount payable by them as advance compensation in respect of the estates already taken over by them in September 1949. The advance compensation payable in respect of those estates as now estimated is Rs.1,32,16,076 and the Madras Government have issued orders for the deposit of this amount with the Tribunals constituted under section 8 of the Abolition Act for disbursement to the claimants according to law. Thus, as regards the estates already taken over by them the Madras Government have fully implemented the undertaking given by them to the Government of India.

3. In your D.O. referred to above, you have said that the Government of India were anxious to assist the Government of Madras in carrying through their programme for the abolition of zamindaris, that however as the financial situation on which the question as to whether substantial reserves could be used for paying advance compensation depended, was then extremely difficult, it was not possible for the Government of India to agree to the request of the Madras Government to be allowed to notify the remaining estates by August 1950 and that the Government of India would be glad to consider the matter in July 1950, in the light of the then existing financial situation. But as stated in para 2 of Subramaniam's D.O.No.24962-MJ/49-18, dated 8-11-49, the Madras Government have announced

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Copy of Government Revenue Department Confidential D.O. No.59186-1/49-9 dated 12th April 1950.

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publicly that the programme of notification of estates would be completed as early as possible in the year 1950 and their intention has been that it should be completed at least by August 1950. There has been incessant agitation, from the public and persistent representations in the Legislature, regarding the delay in the taking over of the estates which yet remain to be notified, and the Madras Government consider that they cannot delay the matter any further. There are also certain administrative difficulties which make it imperative that the estates which yet remain to be taken over should be taken over at the earliest possible moment. In most of the estates in the State, the rents charged by landholders were far in excess of the assessments charged by the Government on similar classes of land in the adjoining ryotwari areas. This situation created discontent among the ryots and in 1947, in orders to give immediate relief to the ryots, the Madras Estates Land (Reduction of Rent) Act, 1947 was enacted. The object of this was to reduce the rents to the levels of the assessments obtaining in the neighbouring ryotwari areas. In estates in which rent is payable in kind, this Act does not alter the mode of payment of rent. It provides only for a reduction in the quantum of rent which is payable in kind with the result that the rent paid by a ryot in such an estate, when commuted into cash, is substantially higher than that paid by a ryot in an adjoining estate village in which the rent is payable in cash. Here is a legitimate grievance which is a source of discontent, a discontent which might be exploited by irresponsible elements. Again, a contention has been brought up by certain zamindars whose estates have not yet been taken over, that they can collect the rent from the ryots at the rates fixed under the Rent Reduction Act, while this Government have been holding the view that only a Government agency can collect it. This is a fresh complication and the legal position is being examined with a view to see whether an amendment to the Rent Reduction Act is necessary. Further, in the matter of grant of remission this year for adverse seasonal conditions, while Government have been able to pass orders quickly giving relief to the ryots in the estates taken over, the ryots in the estates which have not been taken over were unable to get this benefit. To allay the discontent which arose on this account, all that Government could do was to issue an appeal to the good sense of zamindars to agree to the grant of similar concessions in their estates. In view of all those difficulties this Government feel that the "taking over" of the estates by the Government as early as possible is easily the best and the most effective remedy.

4. As at present estimated, the revenue accounts of this Government for 1949-50 are expected to close with a surplus of Rs.53 lakhs and the Government have decided that this need not be transferred to the Revenue Reserve Fund. Judging from the previous year's figures it is likely that the actual surplus may come to above Rs.1 crores. The position may be known definitely by about May 1950. This Government consider that the Revenue surplus for 1949-50, may be utilised for payment of advance compensation for estates, without selling securities for the purpose. They accordingly propose to take over a batch of estates for which the total advance

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compensation will come to about Rs.1 crore. This batch will be grouped into two lists, so that the advance compensation payable for the estates included in each list will come to about Rs.50 lakhs, the more important of these estates being included in the first group. The idea is that the surplus of Rs.53 lakhs expected at present in the accounts of 1949-50 should be utilised for the payment of advance compensation for estates included in the first group and that any further surplus disclosed after the accounts for 1949-50 have been closed should be utilised for the payment of advance compensation for the estates included in the second group. I am accordingly to request that the Government of India will be so good as to agree to the general formula that this Government may notify estates to the extent that the advance compensation payable in respect of them does not exceed the actual surplus in the revenue account for 1949-50 subject to the limit of Rs.1 crore referred to above; and to allow this Government to notify the estates as indicated above.

5. In this connection it may be pointed out that it is administratively more convenient to take over an estate on the first day of the fasli i.e. on the 1st July. It will therefore be desirable to take over the estates now proposed to be taken over on 1-7-50. As several preliminary arrangements have to be made before the estates are notified and taken over, I am to request that the orders of the Government of India may be obtained and communicated to this Government at a very early date.

6. If the Government of India feel that a personal discussion at this stage would help to clarify any issue, this Government will be prepared to send an officer for the purpose of discussions to New Delhi.

7. I solicit a very early reply.

(TRUE COPY)

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(TRUE COPY)

Copy of Government Revenue Department Confidential D.O. dated nil to the Hon'ble Sri P.S. Kumaraswamy Raja, Chief Minister of Madras, No.6, Hastings Road, New Delhi (with a copy of the D.O. dated 12-4-50.)

Estates - Acquisition under the Abolition Act of a second batch of estates.

I enclose herewith a copy of D.O.No.59166-J/49-9 dated 12-4-50 sent by the Revenue Secretary on the subject given above, to the Secretary to the Government of India, Ministry of Home Affairs. Now that you are at Delhi, I hope you will agree with me that it will be desirable and advantageous if you could mention about the urgency of the matter to the Deputy Prime Minister. If for any reason, you are not able to contact the Deputy Prime Minister in this connection the alternative of mentioning about it to Mr. H.V.R. Iyengar may also kindly be considered.

I am writing this in view of the need to take over the second batch of estates at least by 1-7-50.

With best regard.

(TRUE COPY)

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With best regard,

(TRUE COPY)

5

Government of India
Ministry of Home Affairs.

D.O.No.5/134/48-JUDICIAL

New Delhi (3) the 9th May, 1950.

Sub: The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948.

Dear Mr. Unnithan,

I am desired to refer to your demi-official letter No. 59166-J/49-9, dated the 12th April, to Mr. Iengar, regarding the notification of a further batch of estates under the above mentioned Act. The State Government las approached the Central Government in November 1949 for permission to notify the taking over of the second batch of estates in July 1950 and for the release of a further Rs.2 crores from the reserve for payment of compensation. The main point of view from which the above request was considered was to find out how the State Government proposed to finance its capital expenditure in 1950-51. A reference was made to the State Government but no satisfactory information was forthcoming and the matter was, in fact, kept pending at their instance. In December last the State Government intimated that their capital expenditure would be of the order of Rs.8½ crores and that this would be financed from loans either from the Central or from the open market. The Rs.2 crores compensation to be paid was proposed to be found from the sale of securities.

2. At present, it appears that the State's total expenditure on capital projects is of the order of Rs.12 crores and that the proposition of the State Government is more or less to sell securities of that amount. The State Government's proposal, therefore, to utilise the Revenue Surplus for 1949-50, subject to a limit of Re.1 crore, for payment of compensation for the second batch of Zamindaris, is in no way different from their proposal of November last, except that instead of finding the finance for Zamindari abolition by the sale of securities, they would utilise the revenue surplus and sell an increased amount of securities for meeting their Capital expenditure.

3. In the circumstances, the Government of India still prefer that the State Government should not enter into any fresh commitments at this stage. The Government of India would like to see how their loan programme fares before any fresh commitment is undertaken. If, therefore, there are no insuperable difficulties, this matter may be referred to them again in July-August next.

Yours sincerely,

Sd/- E.C. Gaynor.

To

Sri K.M. Unnithan, I.C.S.,
Secretary to the Government of Madras,
Revenue Department, Madras.

(TRUE COPY)

Government of India
Ministry of Home Affairs.

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Yours sincerely

Sd/- K.C. Gaynor.

To

Sri K.M. Unnithan, I.C.S.,
Secretary to the Government of Madras,
Revenue Department, Madras.

(RUE COPY)

SPECIAL - CONFIDENTIAL

Copy of letter dated 22nd May 1950 from the Minister for Land Revenue and Labour, Camp: Government House, Ootacamund, to the Secretary to Government, Revenue Department, Fort St. George, Madras.

The Premier has had a talk with H.V.R. Iyengar about notification of the second batch of estates. He has told the Premier that the order now communicated would be revised, and that ai letter might be sent stating that since our fasli year begins on 1st July, it is best to notify the second batch of Estates by that time, and if it is done later, it will cause a lot of difficulty in accounting etc. You may just write a letter asking the Government of India to reconsider their decision and impress upon them the need for the second batch of estates being notified by the first July. As soon as you despatch that letter, the Premier may be informed urgently and he will write a D.O. to Mr. Iyengar.

I shall be back in Madras on the 27th evening.

(TRUE COPY)

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(TRUE COPY)

P.S. Kumaraswamy Raja,
Chief Minister.

3rd June 1950.

Dear Mr. H.V.R. Ayyangar,

You may remember the conversation I had with you about the proposal of the Government of Madras to take over the second batch of estates in this State under the Abolition of the Zamindari Act. The Government of Madras have again sent a communication to the Government of India (Home Ministry) seeking permission for implementing the step proposed. Having already proceeded under the policy of abolition of Estates to some extent, it is but proper for the Government of Madras to complete the scheme, instead of leaving it as an unfinished measure.

Please see that the necessary sanction is given by the Government of India; and that too at their earliest convenience.

Yours sincerely,
Sd/- P.S. Kumaraswamy Raja.

Sri H.V.R. Ayyangar, I.C.S.,
Secretary to the Government of India,
Ministry of Home Affairs,
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Sri H.V.R. Ayyangar, I.C.S.,
Secretary to the Government of India,
Ministry of Home Affairs,
New Delhi.

(TRUE COPY)

(CONFIDENTIAL)
Copy of Government of Madras, Revenue Department D.O.No. 59166-J/49-5 dated 5th June 1950 to theSecretary to the Government of India, Ministry of Home Affairs, New Delhi.

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further notification of estates under.

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I am to refer to the D.O. Letter No.5/134/48-Judl., dated 9th May 1950 of Mr. Gaynor and to request that the matter may be reconsidered in the following circumstance

2. It is pointed out in paragraph 3 of the D.O. cited that the Government of India still prefer that this Government should not enter into any fresh commitments at this stage and that they would like to see how their loan programme fares, before any fresh commitment is undertaken. The paragraph winds up by mentioning that, if there are no insuperable difficulties, the matter may be referred to them again in July-August next.

3. With reference to the view of the Government of India, that the notification of second batch of estates is a fresh commitment to be postponed, unless there are insuperable difficulties, I am to point out that though in fact there will be an additional immediate expenditure on this account, it need not be treated like certain other commitments, since this move is the first step in acquiring estates under what may be considered favourable terms, and the income from these estates by and by will amply justify the present investment; even as a monetary investment, the return in course of time may be expected to be far in excess of the return which could be expected from certain other investments, looked at from a purely remunerative point of view. Further this expenditure is only another step in the implementation of a programme already intimated.

4. The difficulties that this State has to face owing to the delay in completing the programme of taking over estates have been dealt with in my previous D.O. The situation has not remained the same; it has steadily been worsening. To cite but one instance:- We have been contemplating an amending legislation as mentioned in my last D.O. to make it clear that only the Government and not the landholder can collect the rent in estates in respect of which rents have been reduced, but which have not been taken over under the Abolition Act. Meanwhile, the matter has been taken to the High Court through proceedings for issue of a "writ", and the State Government has to face this litigation now. Day by day fresh problems are cropping up. Hence it need hardly be emphasised that taking over the remaining estates as early as possible is the most salutory remedy that can be thought of.

I am in this connection to point out that at the recent meeting of the Economic Planning Conference at New Delhi held under the auspices of the All India Congress Committee, a resolution was passed on the question of a "Just Agrarian Policy" and that this resolution stressed among other things, that it is necessary to lessen the period of transition by expediting the abolition of Zamindari and Malguzari. etc.

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(CONFIDENTIAL)

Copy of Government of Madras, Revenue Department D.O.No. 5916-1/49-5 dated 5th June 1950 to the Secretary to the Government of India, Ministry of Home Affairs, New Delhi.

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further notification of estates under.

I am to refer to the D.O. letter No.D.1249-48-1, dated 9th May 1950 of Mr. Gaynor and to request that the matter may be reconsidered in the following circumsta

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5. A point which was mentioned in my previous D.O. and which may be emphasised now is the fact that 1st of July is the date on which the Fasli year commences, and for accounting purposes, the transfer of the control of estates to the Government, on 1st of July would be very helpful from the point of view of revenue accounts, which, it need hardly be said is an important point of view.

6. Regarding the financial implications, it is true that this Government have their difficulties to find money for their capital expenditure in 1950-51. Full information on this point, has been furnished to the Government of India in the Finance Ministry, in this Government's letter No.89056-W &M-5 Finance dated 3-5-I am, however, to point out that if a new batch of estates is notified with effect from 1st July 1950, there is time under section 54-A of the Act, to make deposits before the Tribunal towards compensation till 31-12-50. Actual disbursement by the Tribunal can commence only six months later because the Tribunal must await applications from all claimants for six months under section 42 of the Act. This means, that the money deposited during thie financial year, will continue to be available for use by the Government during the whole of this financial year as a treasury balance under deposit heads. Therefore, the notification of a further batch of estates, will not affect the ways and means position of this State in 1950-51. Provision will of course have to be made in the ways and means budget of 1951-52 for act disbursements.

7. In view of all these circumstances, I am to request that the Government of India may be pleased to reconsider the decision communicated in the D.O. cited and accord permission to notify the second batch of estates forthwith.

Yours sincerely,

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To
Sri H.V.R. Iyenger, I.C.S.,
Secy. to the Govt. of India,
Ministry of Home Affairs, New Delhi.

/true copy/

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...information on this point, has been furnished to the
...Government of India in the Finance Ministry, in this
...Government's letter No.E2028-M 84-5 dated 3-8-5...
I am, however, to point out that if a new patch
of octanes is modified with effect from 1st July 1950,
there is time under section 64-A of the Act, to make
...demands before the Finance Corporation
...till 31-12-50. Total disbursement by the Finance
...can commence only six months later because the ...
...finance must await application from all claimants
...for six months under section 42 of the Act. This,...
...means, that the money deposited during the financial
...year, will continue to be available for use by the
...Government during the whole of this financial year
...as a treasury balance under deposit head. Therefore,
...the modification of a fraction each of octanes, will
...not affect the vary and means position of this stage
...in 1950-51. Provision will HAXXXXXXX of octane have to
...be made in the vary and means budget of 1951-52 for ...
...disbursements.

7. In view of all these circumstances, I am
...to request that the Government of India may be pleased
...to reconsider the decision communicated in the
...U.O. cited and accord permission to modify the second
...letter of extract, forthwith.

Yours sincerely,

xx
Sd/-

To

Shri H.V.R. Iyengar, I.C.S.,
Secy. to the Govt. of India,
Ministry of Home Affairs, New Delhi.

\True copy\

Copy of telegram, dated 19.6.1950,

...

Revenue Department.

State
EXPRESS

TELEGRAM

To

The Secretary to the Government of India | Homein
Ministry of Home Affairs, |
New Delhi. | New Delhi.

My D.O. (NO) 59166J/49-15, dated 5.6.1950 regarding further notification of estates. Please expedite reply.

Resudandum.

L.S.R
19.6.50

G.S.
19.6.50.

P.C. to go.

/True Copy/

Copy of telegram dated 19.6.1950.

Revenue Department.

EXPRESS
PLACE

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STATE "IMMEDIATE" Revenue Department.

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For I ENGAR FROM CHETTUR you telegram No.17/93/50 JUDICIAL (dated) 5th July regarding further notification (of) estates. Madras Government deputing Revenue Secretary and Finance Secretary for proposed conference. Wednesday (the) nineteenth or Thursday (the twentieth will suit them. Wire which date will suit you.

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12/7/7

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D.O.No.17/93/50-Judl.
New Delhi,
July 11, 1950.

Dear Chief Minister,

Will you kindly refer to your letter dated the 3rd June, regarding the proposal of the Government of Madras to take over the second batch of estates under the Madras Estates (Abolition and Conversion into Ryotwari) Act. After I consulted the Finance Ministry here about this proposal, it seemed to both of us that it would expedite matters if we could have a personal discussion with the officers of the Madras Government. I accordingly telegraphed on the 5th of this month and sent a reminder on the 8th, asking the Revenue Secretary and the Finance Secretary kindly to come over here for a conference. I am awaiting a reply to these telegrams.

x x x
(H.V.R.IENGAR)

The Hon'ble Shri P.S.Kumaraswamy Raja,
Chief Minister,
Government of Madras.

/True Copy/

A.S. I

Please file this with connected papers. Action has already been taken, and reply to our wire may be awaited. I have informed H.CM. of the position.

S.K.C.
13.7.

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Copy of telegram dated 13.7.50,

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OOO PK NEW DELHI 13 STE IMDTE 35 IMDTE RESONABILI

MADRAS

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IENGAR YR TELEGRAM 12th REGARDING FURTHER NOTIFICATION

ESTATES 11 A.M ON THURSDAY TWENTIETH WILL SUIT US -

HOMEIN NEW DELHI

7/7

Copy of telegram dated 13.7.50.

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Minutes of the meeting held on the 20th July between Home and Finance Ministries of the Govt. of India and the Revenue and Finance Secretaries of the State of Madras.

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Present:-

1) Mr.H.V.R.Iengar, Home Secretary.

2) Mr.P.C.Bhattacharyya, Secretary, Economi Committee of the Cabinet.

3) Mr.S.K.Chettur, Revenue Secretary, Madras.

4) Mr.T.A.Varghese, Finance Secretary, Madras.

The Home Secretary wishes to know what were the chief administrative difficulties that the Madras Government would have to face in the event of the decision to take over the second batch of estates being postponed. He pointed out that some of the difficulties referred to in the Madras Government's d.o. letter could possibly be met by fresh legislation.

2. The Revenue Secretary, Madras, stated that apart from the grave public dissatisfaction at the failure to take over the remaining estates and the failure to implement the promise already given on the floor of the House in the Madras Assebly, the chief difficulties were connected with the position in the zamindari areas after the introduction of the Madras Reduction of Rent Act, 1947. As a result of this Act nearly 22,560 villages had been notified in the official gazette and new reduced rates of rent fixed. In some areas there were lrge tracts of land under waram tenure. In the case of these lands the notification merely reduced the amount of the waram by a certain fraction of reduction. For example in the Ramnad estate the half waram was reduced to 1/5th; in the Shivaganga estate the half waram was reduced 1/7th and in some cases to 1/8th. The commuted value of even the reduced waram share worked out to a figure between Rs.50/- to Rs.80/- per acre and there was much outcry from the ryots particularly in Chittoor and Visakhapatnam, as the corresponding rate in the ryotwari area was only Rs.6/- to Rs.15/-.

3. Home Secretary wished to know why this could not be met by fresh legislation.

4. The Revenue Secretary, Madras, observed that it was not practical politics to introduce amending legislation now as the monetary rights of the land-holders had been declared and fresh legislation would arouse tremendous opposition. In estates taken over, Govt. proposed to reduce the commuted value of the reduced waram rent to the highest wet rate of the dist. and remit the balance in favour of the ryot. This urgent

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reform could be carried out in the case of the other estates only after they were taken over.

5. Finance Secretary, Madras, pointed out that in the matter of collection of the reduced rents the Madras Govt. had to organise a collection agency. This was separate from the staff in the zamindari estates taken over. He said the duplication of these processes could be avoided by taking over the rest of the estates.

6. Home Secretary, India, asked why the Madras Govt. were not able to grant seasonal remissions to zamindari ryots. He said there was a provision in the Bombay State by which the Collector of a District could extend seasonal remissions to zamindari ryots in that province. Revenue Secretary, Madras and Finance Secretary, Madras, both pointed out that in the absence of such a provision in the Madras Act all Madras Govt. could do was to write polite letters to the landholders in the estates not taken over asking them to grant seasonal remissions similar to those introduced in the ryotwari area. Revenue Secretary urged that taking over the estates would simplify matters in this respect too.

7. Secretary, Economic Committee of the Cabinet, observed that the financial position not merely of the Madras State but of the Centre itself was difficult. He said that it was urgently necessary for all State Governments to go slow in the capital expenditure on their projects already begun and not to undertake any new projects at all. Finance Secretary, Madras, entirely agreed with the latter observation and urged the sending out of a circular letter by India to all State Govts. stressing this aspect. He pointed out, however, that it was not possible to go slow on the various irrigation and electricity projects of the Madras Govt. in which heavy capital expenditure had already been incurred and in which the machinery and staff were already at site. Any slowing down now would only involve waste.

8. At this point Revenue Secretary, Madras, pointed out that as a result of taking over of the estates there was a considerable increase in revenue accruing to the Govt. to the tune of Rs.1.46 crores. Against this amount must be off-set the additional staff to be appointed in all the zamindaris and the cost of the staff for survey and settlement of the estates. The Finance Secretary, Madras, gave it as Rs. 48 lakhs as the present cost of survey and settlement. About half a crore would roughly be the net surplus revenue allowing half a crore for the cost of staff in the zamindari areas. Secretary, Economic Committee of the Cabinet, suggested that Madras Govt. should utilise this sum annually to build up a sinking fund against the payment of the balance of compensation, roughly 7 crores which would be necessary 5 to 8 years later as soon as the exact amount of compensation was determined under section 39 of the Act after survey and settlement was complete. Subject to the approval of the Madras Govt. both Finance and Revenue Secys. Madras agreed that this was an acceptable proposition.

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11. Secy., Economic Committee of the Cabinet, reserved his views on this point but was otherwise agreable to the line of action proposed by Secretary, Home.

S.K-Chettur,
20.7.50

/True Copy/

tn./1.7.

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1. I met Mr. Battacharyya on 21.7.1950 and requested him to waive his second objection, viz., that Madras should not apply for further sale of securities during this financial year to meet other capital expenditure. He agreed to waive this objection provided Madras gave an undertaking that she would not sanction new schemes of capital expenditure, until schemes already sanctioned and now under execution, were brought to a safe stage. He correctly pointed out that on the Electricity and Irrigation schemes, now under execution, Madras would have to find about Rs.20 crores in 1951-52, and Rs.18 crores in 1952-53. It would be extremely difficult to find this much of money by the sale of securities or by raising loans in the open market in the coming 2 years and therefore it was a matter of common prudence, that fresh commitments were not undertaken in the immediate future. I stressed that this was a question on which the centre should not ask for a binding agreement, because that would be an encroachment on Provincial autonomy, but that the Centre should leave it to the good sense of Madras to adopt the rigth course. He was not inclined to accept this argument and added that the Cabinet Committee on Economic Affairs might soon issue a directive to all States banning the sanction of new schemes of capital expenditure without the prior approval of the Cabinet Committee. I reiterated that such general directives would be considered by Madras on their merits; but that issue should not be mixed up with our present request on zamindari abolition. Apparently he had consulted the Finance Minister beforehand, who had agreed to the zamindarie abolition being proceeded with in Madras, only on the new condition stipulated by him. In order not to fetter the discretion of Madras unduly in this respect, he suggested that Madras might take up without prior approval of the Centre, Irrigation and Electricity schemes costing less than Rs. one crore and other non-productive schemes costing less than Rs.10 lakhs. Centre's prior approval would be necessary, only if the capital cost of the scheme is over Rs. one crore in the case of Electiricty and Irrigation schemes and over Rs.10 lakhs in the case of non-productive works. I had no brief to accept this condition and I made this clear to him.

2. Later I met the Hon'ble Finance Minister who had been apprised by Mr. Battacharyya of my discussion with him. He seemed to take the line indicated by Mr. Battacharyya. This was quite natural, because Mr. Battacharyya had consulted him beforehand. I explained to the Finance Minister our general budgetary position with special reference to our capital programme on electricity and irrigation. I stressed the fact, that the programme of Madras is just as deserving of help from the Centre as projects like Damoder Valley, Hirakud, Bhakra and Nangal taken up directly by the centre on behalf of certain States. He seemed to appreciate our point and promised to do his best subject to the over-all financial situation of the country.

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3. We may now expect a letter from India on the following lines:--

(i) Madras may issue notice at onee to the 2nd batch of zamindaris, the advance compensation for which will amount to Rs.one crore.

(ii) Madras may issue notice to the last batch of zamindaris some time towards the end of this financial year, the advance compensation for which will amount to about Rs.1,37 crores.

(iii) The Reserve Bank will be instructed to sell our securities to the extent of Rs.2.37 crores required for this purpose during the course of this year.

(iv) Madras must give an undertaking to the Centre that she would put into a Sinking Fund annually the land revenue collections from zamindari areas, less the peshKush and less the cost of collections, Survey and Settlement Operations. This Sinking Fund should be made use of only for the purpose of paying off the balance of compensation to zamindaris.

(v) Madras should give another undertaking that she would not for the next few years, sanction new items of capital expenditure of more than Rs. 10 lakhs if they are non-productive and of more than Rs. one crore if they are productive. If expenditure is to be sanctioned in excess of these limits, the prior sanction of the Centre should be obtained.

If we agree to the conditions, items (iv) and (v) above, we may go ahead with Zamindari abolition. There is no objection to agreeing to condition (iv) above. The last condition infringes our autonomy. But in actual practice, I do not think much is lost in agreeing to this condition, because we can always argue our case on sould projects and hope to get India's approval.

Besides, without substantial assistance from the Centre, we cannot take on new commitments in our present predicament. I think we might reply to the Centre pointing out that this condition went beyond the Constitution; that we are, however, willing to consult India on schemes costing more than Rs. one crore and Rs.10 lakhs respectively and abide by their considered advice as far as practicable; but that the conditions should not be imposed on us as such, because that would create a bad precedent in the relationship that ought to grow up between the Centre and States in the new set-up and further that the acceptance of such a condition might be legitimately called into question by the legislators of this State. It is not unlikely that India might yield to a reply of this kind and we might gain our point without surrendering constitutional rights.

4. The Finance Ministry has also agreed to advise the Reserve Bank to sell our securities, to the extent necessary to meet our capital requirements for the year on Irrigation and Electricity projects. This is indeed a very helpful attitude, because it would relieve us of further anxiety over capital expenditure this year.

/True Copy/

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D.O.No.17/93/50-Judicial,
New Delhi,
July 25, 1950.

My dear Chettur,

With reference to the conference we had the other day, I enclose a copy of the minutes. Subject to a few verbal modifications by Bhattacharyya, the minutes are those which you saw here before you left.

2. After examination of the whole problem, the Government of India are agreeable, in view of the special circumstances of Madras, to your Government taking over the remaining estates in two batches on the following conditions:-

(a) That the Government of Madras should utilise the surplus revenue collections each year from the estates taken over towards building up a Fund for payment of the balance of the compensation which would fall due in five to eight years time, and this fund should be invested in Government of India Securities.

(b) That in view of the difficult financial position in which both the Madras State as well as the Centre find themselves, the Madras Govt. should in future obtain the prior concurrence of the Govt. of India before undertaking commitment for any new capital scheme.

(c) That the Madras Govt. should endeavour to reduce their capital expenditure on projects other than on acquisition of estates during the current year as far as possible, so that this can be met by the loan that they are raising in the market without recourse to any further sale of securities or any cash loan from the Centre. Should this prove impossible, the question of allowing Madras Govt. to sell a limited amount of securities for this purpose depending on the market conditions at the time would be reconsidered later in the year, but no assurance can be given regarding this now.

That the sale of Securities worth Rs.2.37 crores which may be necessary for payment of advance compensation for the estates taken over in the next twelve months should be made through the Reserve Bank of India who will sell them as and when the market can absorb without any adverse repercussions.

3. Please let me know if the Madras Government are agreeable to the conditions stated above.

Sd,(H.V.R.Iengar)

Shri S.K.Chettur, ICS.
Revenue Secretary,
Govt. of Madras.

/True Copy/

D.O.No.17/93/50-Judicial
New Delhi,
July 25, 1950.

My dear Chettur,

With reference to the conference we had the other day, I enclose a copy of the minutes. Subject to a few verbal modifications by Bhattacharyya, the minutes are those which you saw here before you left.

2. After examination of the whole problem, the Government of India are agreeable, in view of the special circumstances of Madras, to your Government taking over the remaining estates in two batches on the following conditions:-

(a) That the Government of Madras should utilise the surplus revenue collections each year on the estates taken over towards building up a fund for payment of the balance of the compensation which would fall due in five to eight years time, and this fund should be invested in Government of India Securities.

(b) That, in view of the difficult financial position in which both the Madras State as well as the Centre find themselves, the Madras Govt. should in future obtain the prior concurrence of the Govt. of India before undertaking commitment for any new capital scheme.

(c) That the Madras Govt. should endeavour to reduce their capital expenditure on projects other than on acquisition of estates during the current year as far as possible, so that this can be met by the loan that they are raising in the market without recourse to any further sale of securities or any cash loan from the Centre. Should this prove impossible the question of allowing Madras Govt. to sell a limited amount of securities for this purpose depending on the market conditions at the time would be reconsidered later in the year, but no assurance can be given regarding this now.

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Shri S.K.Chettur, IC
Revenue Secretary,
Govt. of Madras.

Minutes of the meeting held on the 20th July between Home and Finance Ministries of the Government of India and the Revenue and Finance Secretaries of the State of Madras.

P R E S E N T

(1) Mr. H.V.R.Iengar, Home Secretary.

(2) Mr.P.C.Bhattacharyya, Joint Secretary, Ministry of Finance.

(3) Mr.S.K.Chettur, Revenue Secretary, Madras.

(4) Mr. T.A.Varghese, Finance Secretary, Madras.

The Home Secretary wished to know what were the Chief administrative difficulties that the Madras Government would have to face in the event of the decision to take over the second batch of estates being postponed. He pointed out that some of the difficulties referred to in the Madras Government's d.o. letter could possibly be met by fresh legislation.

2. The Revenue Secretary, Madras, stated that apart from the grave public di ssatisfaction at the failure to take over the remaining estates and the failure to implement the promise already given on the floor of the House in the Madras Assembly, the chief difficulties were connected with the position in the zamindari areas after the introduction of the Madras Reduction of Rent Act, 1947. As a result of this Act nearly 22,560 villages had been notified in the official gazette and new reduced rates of rent fixed. In some areas there were large tracts of land under waram tenure. In the case of these lands the notification merely reduced the amount of the waram by a certain fraction of reduction. For example in the Ramnad estate the half warm was reduced to 1/5th; in the Shivaganga estate, the half waram was reduced to 1/7th and in some cases to 1/8th. The commuted value of e ven the reduced waram share worked out to a figure between Rs.50/- to Rs.80/- per acre and there was much outory from the ryots particularly in Chittoor and Visakhapatnam, as the corresponding rate in the ryotwari areas was only Rs.6/- to Rs.15/-

3. Home Secretary wished to know why this could not be met by fresh legislation.

4. The Revenue Secretary, Madras, observed that it was not practical politics to introduce amending legislation now as the monetary rights of the land-holders had been declared and fresh legislation would arouse tremendous opposition. In estates taken over Government proposed to reduce the commuted value of the reduced waram rent to the highest wet rate of the district, and remit the balance in favour of the ryot. This urgent

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reform could be carried out in the case of the other estates only after they were taken over.

5. Finance Secretary, Madras, pointed out that in the matter of collection of the reduced rents the Madras Government had to organise a collection agency. This was separate from the staff in the zamindari estates taken over. He said the duplication of these processes could be avoided by taking over the rest of the estates.

6. Home Secretary, India, asked why the Madras Government were not able to grant seasonal remissions to zamindari ryots. He said there was a provision in the Bombay State by which the Collector of a District could extent seasonal remissions to zamindari ryots in that province. Revenue Secretary, Madras and Finance Secretary, Madras, both pointed out that in the absence of such a provision in the Madras Act all Madras Government could do was to write polite letters to the landholders in the estates not taken over asking them to grant seasonal remissions similar to those introduced in the ryotwari area. Revenue Secretary urged that taking over the estates would simplify matters in this respect too.

7. Joint Secretary, Ministry of Finance, observed that the financial position not merely of the Madras State but of the Centre itself was difficult. He said that it was urgently necessary for all State Governments to go slow in the capital expenditure on their projects already begun and not to undertake any new projects at all. Finance Secretary, Madras, entirely agreed with the latter observation and urged the sending out of a circular letter by India to all State Governments stressing this aspect. He pointed out, however, that it was not possible to go slow on the various irrigation and electricity projects of the Madras Government in which heavy capital expenditure had already been incurred and in which the machinery and staff were already at site. Any slowing down now would only involve waste.

8. At this point Revenue Secretary, Madras, pointed out that as a result of taking over of the estates there would be a considerable increase in revenue accruing to the Government to the tune of Rs.1.46 crores. Against this amount must be off-set the additional staff to be appointed in all the zamindaris and the cost of the staff for survey and settlement of the estates. The Finance Secretary, Madras, gave 48 lakhs as the present cost of survey and settlement. About half a crore would roughly be the net surplus revenue allowing half a crore for the cost of staff in the zamindari areas. Joint Secretary, Ministry of Finance suggested that Madras Government should utilise the surplus

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each year to build up a sinking fund against the payment of the balance of compensation, roughly 8 crores which would be necessary 5 to 8 years later as soon as the exact amount of compensation was determined under Section 39 of the Act after survey and settlement was complete. Subject to the approval of the Madras Government both Finance and Revenue Secretaries Madras agreed that this was an acceptable proposition.

9. Home Secretary, India, pointed out that out of the total advance compensation of 3.50 crores estimated as advance compensation of Rs.1.13 crores had already been deposited by the Madras Government. He said that if Madras Government's present request to notify estates for which the advance compensation would be Rs.one crore was agreed to there would still be a balance of estates covering an advance compensation of Rs.137 crores. Revenue Secretary, Madras, urged that both these should be taken into account straightway and permission accorded now for both sets of operations. He said the first crore of rupees for the first set of estates to be notified would have to be deposited six months from the date of notification. As the suggested date was 15th August the money would be deposited with Tribunal on or before 15th February, 1951. It would actually be payable from the treasuries only six months later. Similarly if the last batch of estates (covering advance compensation of 1.37 crores) was notified before 31.12.50 the money for that would have to be deposited only in June 1951 i.e. in a different financial year. Joint Secretary, Ministry of Finance stated that if a part of the resources available to Government were to be diverted to the zamindari abolition project it was inevitable that there would be a reduction in the resources available for other projects, and enquired whether if Government of India agreed to Madras selling their securities to reserve to finance these two sets of estates being taken over, Madras would agree not to come up to India for any further permission to sell securities in the reserve for any other purpose. Finance Secretary, Madras, replied that such an undertaking was impossible in view of the difficult financial position of Madras Government. All he could commit his Gover ment to was that all capital expenditure on new schemes to be undertaken would be severely curtailed.

10. Home Secretary, India, said that in view of the first undertaking being provisionally given by Finance and Revenue Secretaries, Madras, to a sinking fund being raised out of the additional net income from the estates taken over, and the serious administrative difficulties that would arise in Madras if the remaining estates were not taken over, his department [illegible] recommend the taking over of all

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the remaining estates in two batches before 31.12.50. He suggested that Finance might agree to this and waive insistence on the second condition which Madras had declined to accept.

11. Joint Secretary, Ministry of Finance stated that he would consult the Finance Minister and inform the Home Secretary of the final views of Ministry of Finance.

/True Copy/

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Revenue Secretary's office,
Fort St. George,
dated the 28th July 1950.

D.O. No.59166 J/49

My dear Iengar,

Zamindari Abolition in Madras.

Your D.O. No.17/93/50- Judicial dated July 25th.

--

Many thanks for your prompt reply. I am to say that the Government of Madras have carefully examined the 4 conditions stipulated in your D.O. which the Government impose as conditions precedent to our taking over of the remaining zamindari estates in two batches.

Condition (a) is acceptable to this Government.

As regards (b), I am to point out that the condition as stated in your letter is very sweeping in its implications. In Madras even small productive irrigation schemes included under the G.M.F. target, (costing about Rs.5 lakhs) are shown as capital expenditure. In the normal course of business of the Electricity Department of this Govt., expenditure is being incurred from day to day in giving connections to new areas. This kind of expenditure, however small it might be for any particular connection, is adjusted under the capital head for the system. Even in a year of substantial revenue surplus, the same procedure is maintained and the surplus is transferred to the Revenue Reserve Fund of the State. Obviously it could not have been the intention of the Govt. of India, that in incurring productive expenditure of this nature and magnitude, the prior concurrence of India should be obtained. What is presumably meant by this condition is that the Madras Government should obtain India's concurrence in sanctioning new projects involving very large outlay running into ~~xxxx~~ crores of rupees. This Government appreciate the anxiety of the Government of India over the deteriorating financial position but must point out that a stipulation of this kind, amounts to a grave infringement of Provincial Autonomy. The constitution provides for numerous safeguards against extravagance by States; but has deliberately allowed certain powers to them. This Government will expose themselves to severe criticism from the public and the State Legislature, if they have to accept a condition which restricts still further the very limited powers which a State Govt. ~~pe~~ possess under the Constitution. It should not, however, be misunderstood that this Government are deliberately taking a legalistic view of the question. If the Government of India in consultation with the Planning Commission desire that some curtailment in the sanction of new schemes by States, is desirable in national interests, this Govt. will certainly consider such proposals in common with other States. But this is a matter of all-India policy which has to be discussed separately and has no direct relevance to the immediate question of permitting this Govt. to proceed further with the abolition of Z mindaris. Under these circumstances, I am to say that this condition, as now put forward, is not acceptable to this Govt.

Revenue Secretary's office,
Fort St. George,
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Condition (c): The capital programme of this Govt. as shown in the budget for the current financial year is about Rs.15 crores of which about Rs.12 crores are on Irrigation and Electricity schemes. In view of present serious financial difficulties, this Govt. have just reviewed their Rev. and Capital budgets and reduced their commitments under both heads to the exten of about Rs.3 crores. Most of our electricity and irrigation schemes are in the 3rd or 4th years of construction, when the organisation at workspots have been completed and works are in full swing. Any slowing down of these works at this advanced stage will involve colossal waste of money, materials and manpower and that is the only reason why we are still reluctant to go slow with these productive schemes. We will, however, bear in mind the advice of the Govt. of India that we should endeavour to reduce our further demand for the sale of our securities. We are equally anxious to conserve our securities; but our ability to do so will depend on seasonal conditions of the year. In a year of normal fainfall, our revenues have shown considerable betterment over budget figures. If we are fortunate enough to have timely rains, at least this year, it is just possible, now that our loan is being subscribed so, that we may not have to sell very large blocks of securitie We are very hesitant to record this thought, because several unexpected factors, such as the Uttar Pradesh rice deal, can come in and upset the budgetary balance of a State, sadly short as we are, of food. This Govt. would therefore rely on the Govt. of India implementing its suggestion in the latter half of this condition that it would reconsider the question of allowing the Madras Govt. to sell a limited amount of securities for this purpose depending on market conditions. They would again reiterate their request that any financial assistance from the Centre by way of a loan may also be given.

Condition (d) is acceptable to this Govt.

It will thus be seen that the Govt. of Madras and India are at variance mainly over condition (b). We feel that in view of the fact that the Govt. of India is possibly sending round a general circular to all the States asking them to take strict precautions about undertaking new schemes involving capital expenditure, it is unnecessary to impose any such condition in connection with the problem of zamindari abolition. This Govt. strongly feel that the question of zamindari abolition should be examined on its own merits and should not be mixed up with the over-all financial policy of India. This Govt. have adduced very good administrative reasons why they could not now postpone the implementation of a Act on which much hopes have been built. We would urge that our anxiety to proceed with this measure should not be availed of to impose conditions which would severely restrict the financial autonomy of this State.

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I am therefore to request that the Govt. of India may reconsider the necessity for the imposition of condition (b) and that in view of the facts stated in this letter the estates may be notified in 2 batches as already agreed upon at Delhi. As we are anxious to notify the first batch on August 15th, I am to request that a reply may be sent to us before August 7th.

Yours sincerely,

sd./(S.K.Ghettur).

Sri H.V.R.Iengar,
Secretary, Home Ministry,
Government of India,
NEWDELHI.

/True Copy/

tn./2.7.

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Sri H.V.R.Iengar,
Secretary, Home Ministry,
Government of India,
NEWDELHI.

D.O.No.17/93/50-Judicial,
NEW DELHI,
the 3rd August, 1950.

My Dear Chettur,

Please refer to your D.O. letter No. 59166 J/49-, dated the 28th July regarding the abolition of zamindaris in Madras. I have consulted Finance Ministry regarding condition (b) in paragraph 2 of my letter of the 25th July - the only condition to which the Madras Govt. has taken exception. I enclose a copy of the note recorded by Bhattacharyya.

2. If you are agreeable to the conditions stated in my letter of the 25th July, as now agreed to be modified in Bhattacharyya's note, we shall be prepared to communicate the concurrence of the Government of India to the acquisition of the remaining zamindaris in your State.

Sd/-H.V.R.Iengar

S.K.Chettur, Esquire, ICS.,
Revenue Secretary,
Government of Madras,
MADRAS.

/True Copy/

D.O.No.17/93/50-Judicial,
NEW DELHI,
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S.K.Chettur, Esquire, ICS.,
Revenue Secretary,
Government of Madras,
MADRAS.

MINISTRY OF FINANCE
(Department of Economic Affairs)

We have perused the letter dated the 28th July, 19 from the Madras Revenue Secretary to the Home Secretary It is clear that there is misunderstanding. Condition (b) in paragraph 2 of our letter of the 24th July, 1950 is not one which we are asking the Madras Govt. alone t accept. It is the decision of the Economic Committee o the Cabinet that all State Govts. should be asked not t undertake any new commitments for capital expenditure over the next 5 years. We must, therefore, ask every State Government to agree to this policy whenever they approach us to assist them either by the grant of a loa or by allowing them to sell their securities. It is not correct to say that our request has not direct relevance to the immediate question of the Madras Govt. proceeding further with the abolition of Zamindaris. The abolition of Zamindaris results in sale of securitie are agreed to. Accordingly it is the proper occasion when the State Government should be requested to give us the assurance asked for.

2. We appreciate the other point made, viz. that the condition as worded would necessitate every small scheme being referred to the Central Government. To meet this point we are agreeable to modify the previous clause so that only schemes estimated to cost Rs.1 crore or more need be referred to the Central Govt. for previous concurrence.

3. We trust that the Madras Government will now find it possible to accept the conditions.

Sd/-P.C.Bhattacharyya,
1.8.1950.

/True Copy/

tn./2.7.

MINISTRY OF FIN...
(Department of Economic Affairs)

...have perused the letter dated the 26th July, 1950 from the Madras Revenue Secretary to the Home Secretary. It is clear that there is misunderstanding. Condition (b) in paragraph 2 of our letter of the 24th July, 1950, is not one which we are asking the Madras Govt. alone to accept. It is the decision of the Economic Committee of the Cabinet that all State Govts. should be asked not to undertake any new commitments for capital expenditure over the next 5 years. We must, therefore, ask every State Government to agree to this policy whenever they approach us to assist them either by the grant of a loan or by allowing them to sell their securities. It is not correct to say that our request has not direct relevance to the immediate question of the Madras Govt. proceeding further with the abolition of Zamindaris. The abolition of Zamindaris results in sale of securities are agreed to. Accordingly it is the proper occasion when the State Government should be requested to give us the assurance asked for.

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Sd/-P.C.Bhattacharyya,
8.1950.

True Copy

D.O.No.59166J/49-

Revenue Secretary's Office,
Fort St. George,
dated the 5th August 1950.

My dear Iengar,

Will you please see your D.O.No.17/93/50-Judicial dated 3rd August 1950 regarding the abolition of Zamindaris in Madras? I am to state that the Madras Government have carefully considered the new conditions specified in Bhattacharyya's note which modify condition (b) in paragraph 2 of your letter of the 25th July. We are somewhat relieved to note that the condition that we should not undertake any new commitments for capital expenditure over the next 5 years is based on a decision of the Cabinet Sub Committee and is one about which India has addressed other State Governments too equally with us. We also note that the original embargo has been modified so that only schemes estimated to cost Rs. one crore or more need be referred to the Central Govt. for previous concurrence. In view of the over-all financial situation both in the Centre and in the States, we accept, though with reluctance, the modified clause (b) with the observation that there are already certain schemes in the State to which we stand morally committed, for example, the Manimuttar project, costing about 3½ crores for which we have just raised from interested ryots, a loan of Rs.1.28 crores on the distinct understanding that the project would be sanctioned as soon as the target of Rs.1 crore was reached. We presume that India's concurrence in such cases would be readily accorded.

2. In view of our acceptance of all India's conditions, we are taking forthwith the necessary steps to notify the second batch of zamindaris in the State for being taken over as on August 15th and in the absence of a direction to the contrary, we would proceed accordingly. The third and final batch will be notified and taken over in the last week of December. I trust you will communicate the Govt. of India's concurrence to this action with the least practicable delay.

Yours sincerely,

sd/-(S.K.Chettur)

Srhi H.V.R.Iengar, ICS.
Secretary,
Home Ministry,
Government of India,
NEW DELHI.

/True Copy/

tn./2.u7.

D.O.No.591661/L9- Revenue Secretary's Office,
Fort St. George,
dated the 5th August 1950.

My dear Iengar,

Will you please see your D.O.No.17/93/50-Judicial dated 3rd August 1950 regarding the abolition of Zamindaris in Madras? I am to state that the Madras Government have carefully considered the new conditions specified in Bhattacharyya's note which modify condition (b) in paragraph 2 of your letter of the 25th July. We are somewhat relieved to note that the condition that we should not undertake any new commitments for capital expenditure over the next 5 years is based on a decision of the Cabinet Sub Committee and is one about which India has addressed other State Governments too equally with us. We also note that the original embargo has been modified so that only schemes estimated to cost Rs. crore or more need be referred to the Central Govt. for previous concurrence. In view of the over-all financial situation both in the Centre and in the States, we accept, though with reluctance, the modified clause (b) with the observation that there are already certain schemes in the State to which we stand morally committed, for example, the Mani-muttar project, costing about 3½ crores for which we have just raised from interested ryots, a loan of Rs.1.28 crores on the distinct understanding that the project would be sanctioned as soon as the target of Rs.1 crore was reached. We presume that India's concurrence in such cases would be readily accorded.

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Srhi H.V.R.Iengar, ICS.
Secretary,
Home Ministry,
Government of India,
NEW DELHI.

/True Copy/

tn./2.8.

NO.17/93/50-Judl.
GOVERNMENT OF INDIA,
MINISTRY OF HOME AFFAIRS.

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From

E.C.GAYNOR, Esquire,
Deputy Secretary to the Government of India.

To

The Secretary to the Government of Madras,
Revenue Department,
Fort St. George, MADRAS.

New Delhi, (2) the 10th August, 1950

SUBJECT:- Further notification of estates under the Madras Estates (Abolition and conversion into Ryotwari) Act, 1948.

Sir,

With reference to the correspondence ending with your letter No.59166 J/49, dated the 28th July 1950, I am directed to convey the concurrence of the Government of India to the Government of Madras taking over, in two batches, the remaining estates under the Madras Estates (Abolition & Conversion into Ryotwari)Act, 1948, subject, however, to the following conditions:-

a) That the Government of Madras utilize the surplus revenue collections each year from the estates taken over towards building up a Fund for payment of the balance of the compensation which would fall due in five to eight years time, and this fund should be invested in Government of India Securities.

b) That in view of the difficult financial position in which both the Madras State as well as the Centre find themselves, the Madras Government should in future obtain the prior concurrence of Government of India before undertaking commitment for any new capital scheme involving an expenditure which is estimated to amount to rupees one crore or more.

c)That the Madras Government should endeavour to reduce their capital expenditure on projects othe than on acquisition of estates during the current year as far as possible, so that this can be met by the loan that they are raising in the market without recourse to any further sale of securities or any cash loan from the Centre. Should this prove impossible, the question of allowing Madras Government to sell a limited amount of securities for this purpose depending on the market conditions at the time would be reconsidered later in the year, but the Govt.

p.t.o..

No.17/93/50-Judl.
GOVERNMENT OF INDIA,
MINISTRY OF HOME AFFAIRS.

H.C.GAYNOR, Esquire,
Deputy Secretary to the Government of India.

The Secretary to the Government of Madras,
Revenue Department,
St. George, MADRAS.

New Delhi, (2) the 10th August, 1950

SUBJECT:- Further notification of estates under the Madras Estates (Abolition and conversion into Ryotwari) Act, 1948.

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of India can given no assurance regarding this now.

(d) That the sale of securities worth Rs.2.37 crores which may be necessary for payment of advance compensation for the estates taken over in the next twelve months should be made through the Reserve Bank of India who will sell them as and when the market can absorb without any adverse reprecussions

2. I am to request that the Government of Ind may be kept informed of the action taken by the Government of Madras in this matter.

/True Copy/

tn./2.7.

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\True Copy\

CONFIDENTIAL Revenue Department.

Note

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further Notification of estates - Conditions imposed by Central Govt. regarding capital expenditure.

In conveying their concurrence to the notification by this Govt. of all the remaining zamindaries in this State under the Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948, the Govt. of India stated that their concurrence is subject to certain conditions. One of the conditions is extracted below:

> "That in view of the difficult financial position in which both the Madras State as well a s the Centre find themselves, the Madras Government should in future obtain the prior concurrence of the Government of India before undertaking commitment for any new capital scheme involving an expenditure which is estimated to amount to rupees one crore or more".

This Government have agreed to this condition and the Govt. of India have been informed accordingly. Copies of this note may be circulated to all the Honourable Ministers other than H.M(L.R.), H.M(Fin), H.M.(P.W) and H.CM. for information.

S.K.Chettur,
Secretary to Government.
25.8.50.

/True Copy/

tn./2.7.

Revenue Department.

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S.K.Chettur,
Secretary to Government.
25.8.50.

\True Copy\

GOVERNMENT OF MADRAS
Revenue Department

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U.O. Note No.59166 J/49-23 dt.25.8.1950

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further Notification of estates - Conditions imposed by Central Govt. regarding capital expenditure.

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In conveying their concurrence to the notification by this Govt. of all the remaining Zamindaris in this State under the Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 the Govt. of India ~~has~~ stated that their concurrence is subject to certain conditions. One of the conditions is extracted below:

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This Government have agreed to this condition and the Govt. of India have been informed accordingly. The Departments of the Secretariat may be informed of the position so that the condition referred to above may be kept in view when they sanction any new scheme involving capital outlay of rupees one crore or more.

S.K.CHETTUR,
Secretary to Government.

To

All Departments of the
Secretariat including Revenue.

/true copy/

tn./2.7.

GOVERNMENT OF MADRAS
Revenue Department

U.O. Note No.59166 1/49-23 dt.25.8.1950

The Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948 - Further Notification of estates - Conditions imposed by Central Govt. regarding capital expenditure.

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S.K.CHETTUR,
Secretary to Government.

To

All Departments of the
Secretariat including Revenue.